

Message Text

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ACTION EUR-12

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INFO AMEMBASSY BANGKOK

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TAGS: EFIN, EGEN, ASEAN, EEC

SUBJECT: EC/ASEAN ACTIVITIES --EVALUATION OF RECENT JOINT
INDUSTRIAL COOPERATION CONFERENCE

REF: (A) STATE 88406 (NOTAL, (B) MANILA 6262 (NOTAL,
(C) BANGKOK 9209 (NOTAL, (D) JAKARTA 5407 (NOTAL) (E) 76 EC
BRUSSELS A-456 (NOTAL)

1. SUMMARY: EC COMMISSION AND ASEAN EMBASSY OFFICIALS HERE
CONSIDER THE ASEAN-EBIC-EC INDUSTRIAL COOPERATION CONFERENCE
TO BE A QUALIFIED SUCCESS. CONCRETE RESULTS, HOWEVER, WILL
DEPEND ON ASEAN'S EFFECTIVENESS IN FOLLOWING UP ON INITIAL
BUSINESS CONTACTS. ASEAN OFFICIALS SAY THEY WOULD LIKE TO
PROPOSE HOLDING SIMILAR CONFERENCES IN THE US AND JAPAN.
THE EC CPLANS TO HOLD ITS NEXT CONSULTATIVE MEETING WITH ASEAN
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IN SEPTEMBER. ASEAN IS CONSIDERING A PROPOSAL TO
FORMALIZE ITS RELATIONSHIP WITH THE EC. END SUMMARY.

2. AS REQUESTED IN REF. A, MISSION OFFICER TALKED TO
EC COMMISSION AND ASEAN EMBASSY OFFICIALS REGARDING
RESULTS OF APRIL 4-5 ASEAN-EBIC-EC CONFERENCE ON
INDUSTRIAL COOPERATION IN BRUSSELS. AS INDICATED IN REF.

B AND C, PURPOSE OF THIS CONFERENCE WAS TO FAMILIARIZE EUROPEANS WITH INVESTMENT AND TRADE OPPORTUNITIES IN ASEAN AND TO DEVELOP A BASIS FOR EXPANDED EC/ASEAN COMMERCIAL COOPERATION. CONFERENCE PRIMARILY SPONSORED BY EUROPEAN BANKING CONSORTIUM, EBIC, BUT EC COMMISSION HAD A HAND IN ORGANIZATION AND ASSISTED WITH ADMINISTRATIVE COSTS. PARTICIPANTS SAY IT IS TOO EARLY TO EVALUATE RESULTS, BUT THEY ARE GENERALLY SATISFIED WITH EUROPEAN RESPONSE.

3. THE CONFERENCE WAS ORGANIZED IN NINE SECTORAL GROUPS: CHEMICALS, ELECTRICAL AND ELECTRONIC INDUSTRIES, ENERGY, AGRICULTURAL PROJECT PROCESSING, MACHINERY, METAL ENGINEERING AND PRECISION ENGINEERING, TRANSPORT AND COMMUNICATIONS, EQUIPMENT MANUFACTURING, CLAY-BASED AND GLASS INDUSTRIES, AND TIMBER. RESPONSE WAS EXCELLENT TO ALL OF THESE SECTORS, EXCEPT THE LATTER TWO SECTORS. PARTICIPANTS SAY NO SPECIFIC JOINT VENTURES CAME OUT OF THE CONFERENCE, BUT NUMEROUS CONTACTS WERE MADE AND PRIVATE BUSINESS DISCUSSIONS INDICATED INTEREST IN A NUMBER OF POTENTIAL VENTURES.

4. EBIC ARRANGED FOR 220 EUROPEAN FIRMS TO ATTEND. THE IDEA WAS TO INVITE SENIOR MANAGEMENT WHO WOULD BE ABLE TO FOCUS ON INVESTMENT PROPOSALS, BUT SOME ASEAN OFFICIALS COMPLAINED THAT MANY OF THE EC BUSINESSMEN WERE ONLY ORIENTED TOWARD SALES. 125 ASEAN REPRESENTATIVES PARTICIPATED, OF WHICH ABOUT 100 CAME FROM THE PRIVATE SECTOR. FIVE ASEAN MINISTERS WERE PRESENT, WHO LIMITED OFFICIAL USE

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DESCRIBED IN THE VARIOUS SECTORAL GROUPS INVESTMENT OPPORTUNITIES IN ASEAN. EBIC PAID FOR THE BULK OF THE TRAVEL AND ADMINISTRATIVE COSTS. THE MISSION HAS THE PROGRAM, LIST OF PARTICIPANTS, SPEECHES OF SEVERAL ASEAN MINISTERS, WHICH IT IS SENDING TO STATE/EA/DP-GABER.

5. ASEAN EMBASSY OFFICIALS HERE DESCRIBE THE CONFERENCE AS A UNIQUE EXPERIMENT BECAUSE THEIR GOVERNMENTS PARTICIPATED FOR THE FIRST TIME WITH PRIVATE ENTERPRISE IN PROMOTING ASEAN AS A PROFITABLE AREA FOR FOREIGN BUSINESS AND INVESTMENT. THEY RECOGNIZE THAT ASEAN MUST FOLLOW UP TO ASSURE THAT INITIAL BUSINESS CONTACTS ARE DEVELOPED. ASEAN OFFICIALS ARE CONCERNED OVER THE POSSIBILITY THAT THEY WILL COMPETE AMONG THEMSELVES FOR PROSPECTIVE EUROPEAN INVESTMENT. FOR EXAMPLE, EUROPEAN INVESTORS INDICATED INTEREST IN INVESTING IN THE MANUFACTURE OF FARM MACHINERY IN ASEAN AND SEVERAL ASEAN COUNTRIES WOULD LIKE TO OBTAIN THESE INVESTMENTS. THE ASEAN ECONOMIC MINISTERS ARE PLANNING TO

TAKE UP IN JUNE WAYS TO CONSULT AMONG THEMSELVES TO ASSURE THAT ASEAN COUNTRIES OFFER SIMILAR CONDITIONS FOR JOINT VENTURES. ASEAN OFFICIALS HERE SAY THAT THEY ARE CONSIDERING PROPOSING THAT SIMILAR CONFERENCES BE HELD IN THE U.S. AND JAPAN.

6. INDONESIA EMBASSY OFFICIALS ADD THAT EUROPEAN INVESTORS ARE INTERESTED IN PETROCHEMICALS, FERTILIZERS, AND REFINERIES. SINGAPORE OFFICIALS SAY THERE IS INTEREST IN COMPUTERS AND OTHER SKILLED ENGINEERING. PHILIPPINE EMBASSY OFFICIALS ARE SOMEWHAT LUKEWARM ON THE RESULTS OF THE CONFERENCE BECAUSE NO CONCRETE DEALS MATERIALIZED. THE WEEK PRECEDING THE CONFERENCE THE GOP HELD A SIMILAR MEETING IN FRANKFURT. THE RESPONSE BY GERMAN BUSINESSMEN WAS EXCELLENT AND A NUMBER OF PROPOSALS FOR JOINT VENTURES IN LIGHT INDUSTRY HAVE REPORTEDLY MATERIALIZED. THESE OFFICIALS ADD THAT THE LIMITED OFFICIAL USE

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GOP IS NOW ORGANIZING A EUROPEAN REGIONAL OFFICE IN FRANKFURT TO PROMOTE TRADE, TOURISM AND INVESTMENT. THE GOP, THEY SAY, WANTS TO DIVERSIFY ITS FOREIGN MARKETS AND SEES THE COMMUNITY AS A PRIMARY TARGET.

7. COMMENT: THE BUSINESS CONFERENCE SEEMS TO BE A DEFINITE PLUS FOR SEVERAL REASONS: 1) BUSINESS CONTACTS WERE ESTABLISHED AND CONSIDERABLE INTEREST WAS EVINCED IN THE ASEAN MARKET; 2) ASEAN WAS ABLE TO PRESENT ITSELF PUBLICLY AS A COHESIVE AND ATTRACTIVE ENTITY; 3) THE EC REINFORCED ITS INTEREST IN ASEAN AND ITS DESIRE TO HELP IN ITS DEVELOPMENT; AND 4) THE CONFERENCE PRODDED ASEAN TO CONSIDER NEW WAYS OF COORDINATION. THE LACK OF CONCRETE DEALS IS NOT SURPRISING BECAUSE OF THE TIME NEEDED TO DEVELOP INVESTMENT VENTURES. COMMISSION OFFICIALS SAY THEY MAY CONSIDER HOLDING ANOTHER CONFERENCE IN THE FUTURE, BUT WITH A DIFFERENT BANKING GROUP IN ORDER TO AVOID FAVORING ONE GROUP. THE EC ASKED EBIC NOT TO BE HEAVY HANDED IN PROMOTING ITS OWN CLIENTS, BUT SOME EUROPEAN FIRMS COMPLAINED ABOUT BEING EXCLUDED. END COMMENTS.

8. TURNING TO EC/ASEAN RELATIONS IN GENERAL, EC COMMISSION OFFICIALS HAVE PROPOSED HOLDING THE NEXT EC/ASEAN JOINT STUDY GROUP (JSG) MEETING IN BRUSSELS IN SEPTEMBER AFTER THE ASEAN SUMMIT. THE ASEAN BRUSSELS COMMITTEE OF AMBASSADORS IS CURRENTLY CONSIDERING A THAI PROPOSAL TO RESTRUCTURE THE JSG SO AS TO IMPROVE THESE CONSULTATIONS. (SEE REF D) ASEAN OFFICIALS HERE SAY THAT THE THAIS WOULD LIKE TO NEGOTIATE AN ASEAN/EC COOPERATION AGREEMENT WHICH

WOULD FORMALIZE THE ON GOING CONSULTATIONS AND HOPEFULLY
ASSURE THAT THE EC MEMBER STATES WOULD TAKE AN ACTIVE
ROLE. NO DECISION HAS BEEN REACHED ON THIS PROPOSAL,
BUT SOME ASEAN OFFICIALS HAVE RESERVATIONS BECAUSE OF
THEIR DESIRE TO EMPHASIZE BILATERAL RELATIONS WITH THE
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NINE. COMMISSION OFFICIALS HAVE NO FIRM VIEWS ON THIS
IDEA, BUT THEY NOTE A FORMAL AGREEMENT WILL NOT
NECESSARILY ADD SUBSTANCE TO THE CONSULTATIONS. IN
THE PAST THE EC HAS PREFERRED FLEXIBLE, AD HOC ARRANGE-
MENTS WITH ASEAN SO THAT THE CONSULTATIONS COULD PROCEED
WITH ASEAN'S INTERNAL DEVELOPMENT. HINTON

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